



## **Zoning Bylaw Working Group**

Date: December 4, 2019

Time: 8:30 AM to 10:00 AM

Location: Town Hall Annex, Second Floor Conference Room

### **Minutes**

Present: Pam Heidell, Charlie Kalauskas, Christian Klein, Jenny Raitt, Stephen Revilak, David Watson (left around 9:30 AM), Ralph Willmer, John Worden, Erin Zwirko.

Absent: Mike Byrne, Adam Chapdelaine.

Guests: Eric Halvorsen, Ryan Kiracofe.

Eric Halvorsen and Ryan Kiracofe, of RKG Associates, presented their work thus far on the Economic Analysis of the Industrial Zoning Districts. In particular, Eric and Ryan presented on the existing conditions and the real estate and market research that they have completed to date. In the new year, RKG will begin the scenario review and market analysis as well as test fit outs of properties which could inform any zoning recommendations. Harriman, RKG's subconsultant, will help with the zoning work and visual graphics.

Eric and Ryan began the presentation with some general information about the distinct areas of industrial zoning in Arlington. There are five distinct areas that should be considered separately as they are unlike each other. These include: Park Avenue area, Forest Street area, Dudley Street area, Mill Street area, and Mystic Street area. For each distinct area, Ryan provided an overview of the land values and building values and land use composition. Additionally, the land to value ratio was calculated. Ryan noted that the land values in many of the distinct areas are very high in comparison to the building value, which is an indicator for redevelopment pressure or sales. Of note is the Industrial District around Mystic Street where there is an area of biotechnology businesses. The Committee also requested additional information on how tax exempt properties factor or don't factor into this analysis.

Moving to the Market Study, Ryan provided information on the demographics of the community. In particular, the findings note that there is a rising population in Arlington (and in Middlesex County), Arlington's diversity is increasing, Arlington is aging more quickly than some neighboring communities, and there is strong growth in household incomes in Arlington. Ryan also provided some information about the local employment

sectors and the workforce. Over 90 percent of the working adults in Arlington are leaving Arlington for work, while most of the employees working in Arlington are coming from other communities. One of the sectors included was computer systems design and members of the ZBWG questioned where those jobs might be. It was suggested that within the Mirak Innovation Center or it could be individuals who work at home.

Ryan explained that there are many owner-occupied businesses within the Industrial Districts, which limits the ability for new industrial uses to establish themselves and also creates pressure on renters. This was echoed by some of the interviews that Eric and Ryan completed. Of note is that there have been no commercial spaces for sale in the last 13 quarters. The commercial vacancy rate is frequently below 2 percent.

Ryan also noted that there could be a demand of up to 200,000 square feet of commercial space in Arlington over the next 10 years. In the county, there could be 21,250,000 square feet of demand Ryan explained that this might be a conservative amount for the region, but is probably fairly accurate for Arlington knowing that there is limited appetite to allow buildings to go up or out.

The key takeaways from the market study include:

- Arlington's relatively small job base mostly consists of lower paying jobs held by residents of other communities;
- Existing jobs in industrial zones are highly diverse, with most sectors that pay above the town's average salary;
- Middlesex County's housing market is exerting pressure on industrial zones, particularly those with aged structures;
- Firms in legacy industrial sectors are struggling to financially justify Arlington rents; and
- Higher-tech firms may see Arlington as desirable due to lower rents, but recruitment of employees may be challenging.

On the Fiscal Impact model, Ryan provided the methodology on how a fiscal impact is estimated and the two most influential line items in any municipal budget are the property tax income on the revenue side and public school spending on the expenditure side. Based on housing units and existing school children, single-family homes generate 0.41 students per unit, and multi-family homes generate 0.20 students per unit. And specifically for apartments, 0.19 students are generated per unit and for condominiums, 0.23 students are generated per unit. Even with the number of students generated per type of unit, there is still a positive average net fiscal impact per unit. For commercial space, there is also a positive average net fiscal impact per square foot of space.

Ryan concluded by stating that there can be large positive revenues coming from commercial and industrial space, but the key is scale to outweigh the positive net fiscal impact from revenue. The question is whether Arlington has the space to scale up, so the future work will require striking a balance between desires of the community.

Comments from the ZBWG include:

- The work needs to focus on commercial space based on remarks made by the Finance Committee Chair Allan Tosti prior to and during Annual Town Meeting that mixed-use with a residential component should not be considered for the industrial districts.
- The Committee questioned how the costs of the new high school building and other large expenditures might affect the fiscal impact study. Ryan and Eric noted that the model does not include those costs, but will investigate how they could include that information including follow up with the Town Manager's Office.
- The smaller household sizes might skew toward older households, which demand different services than a larger household size that includes children.

Erin indicated that she would add the presentation to the website (<https://www.arlingtonma.gov/town-governance/all-boards-and-committees/master-plan-implementation-committee/zoning-bylaw-working-group>).

The Working Group discussed the meeting calendar for 2020. The ZBWG moved the January meeting to January 22 in order to comment on any zoning-related warrant articles. RKG will check if they can attend the February 5<sup>th</sup> meeting with Harriman to discuss the next stage of the project. All other 2020 meeting dates remain at this time.

Steve made a motion to approve the minutes from October 2, 2019. Christian seconded the motion. All those in attendance voted to approve the minutes.

Meeting adjourned at 10:00 AM.